

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Nicaragua

### Sugar Annual Report 2013

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**Report Highlights:**

In 2012/2013, Nicaraguan sugar cane production is expected to reach a record high of 698,720 MT, a 13 percent increase compared to the previous year, thanks to a 13 percent increase in sugar cane planted areas. For FY 2013, Nicaragua plans to ship its full U.S. WTO and DR-CAFTA sugar quota allocation.

## **Executive Summary:**

In 2012/2013, Nicaraguan sugar cane production is expected to reach a record high of 698,720 MT, a 13 percent increase compared to the previous year. This is due to an increase of 13 percent in sugar cane cultivated areas, from 59,411 Ha in 2012 to 67,128 Ha in 2013. Nicaragua continues to expand sugar cane production; there are two sugar mills (Benjamin Zeledon and Montelimar) which are planning to double production by 2016. With this expansion, the Nicaraguan sugar cane production is expected to reach over 735,000 MT in 2016. For 2014, the Nicaraguan Sugar Commission (CNPA) expects a 4 percent growth in sugar cane production as a result of an increase in sugar cane plantations.

Nicaragua plans to ship its full U.S. WTO and DR-CAFTA sugar quota allocation in FY 2013. The Nicaragua sugar industry is also in a good position to supply any other sugar quota reallocation. This year post reviewed data for marketing years back to 2008. There were some adjustments in the previous tables that brought changes to the new PS&D, especially shown on ending stocks.

## **Commodities:**

Sugar Cane Centrifugal

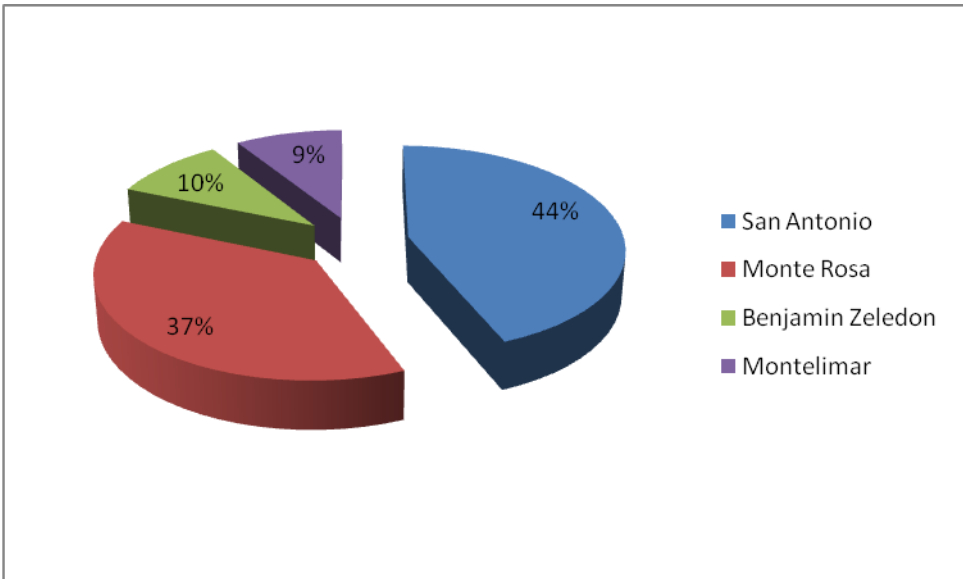
## **Production:**

Sugarcane is produced in the pacific coast of Nicaragua. The Nicaraguan sugarcane harvest runs from November through May. The main sugar mills are; San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar. Preliminary data from the Nicaraguan Sugar Commission (CNPA) for the 2012/2013 season indicates a total cane and sugar cane production of 6,316,906.6 MT and 698,720 MT respectively, a 13 percent increase compared to the previous year. This is basically attributed to a 13 percent increase in sugar cane planted areas. Even though the 2012 rainy season was a bit dry, the yields remained stable (94.20 MT/HA) compared to the previous year. This is because most of the sugar mills have very good irrigation systems.

For 2013, the largest sugar mill of Nicaragua, Ingenio San Antonio (ISA) is planning to continue exporting ethanol to the United States. However, this decision will ultimately depend on the future prices of bio-fuels. At the moment, ISA is the only sugar mill in Nicaragua which has an ethanol distillery and the Environmental Protection Agency (EPA) accreditation to export ethanol to the United States. This sugar mill in 2011/2012 exported about 10 million liters of ethanol to the U.S. market.

## **2012/2013 Production by Main Sugar Mills**

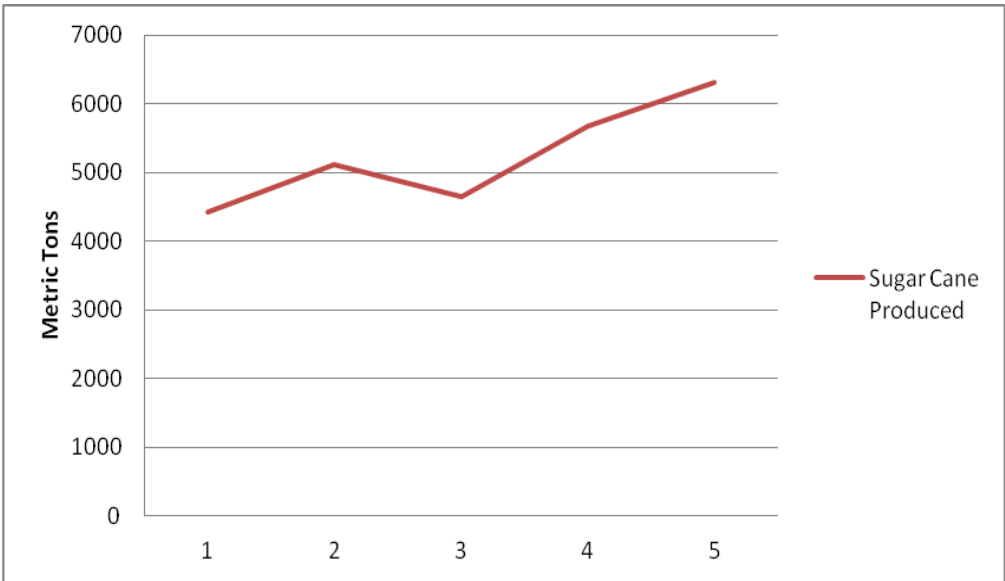
**Total Sugar Production: 698,720 MT**



Source: CNPA.

In addition to the sugar and ethanol production, Nicaragua is expected to produce 218,147.98 MT of molasses for 2012/2013, a 16 percent increase compared to the previous year. From this, about 42 percent is expected to be used in the domestic market. The rest will be exported to Costa Rica where is mostly used for ethanol production.

**Total Sugar Cane Production (In thousands) from 2008/2009 to 2012/2013**



Source: CNPA.

**Crop Area:**

During the 2012/2013 season, 67,128 hectares of sugar cane were planted a 13 percent increase compared to the previous season. The increase in planted areas was mainly on the South western side of the country due to the expansion of Monte Rosa, Montelimar and Benjamin Zeledon's sugar cane plantations.

During the last years, sugar cane producers have experienced competition for agricultural land from peanut producers on the western side of the country, especially in the cities of Leon and Chinandega. In 2011, peanut plantations occupied 42,253 ha, from which 82 percent is concentrated on the west and 18 percent on the Central Pacific.

The Nicaraguan Sugar Commission (CNPA) expects that by 2016 sugar cane plantations could increase in 20 percent. This is due to Montelimar and Benjamin Zeledon's plans to double sugar cane production by 2016. The increase in sugar plantations is expected to be on the south-western side of the country where sugar cane does not face competition from peanut production.

#### **Yields:**

In the 2012/2013 season, the average yields remain stable, reaching over 94.20 MT/HA. Sugar yields slightly decreased in 1 percent compared to the previous year. This was attributed to reduced rainfall in the 2012/2013 production cycle. For the 2013/2014 season, CNPA expects yields above 95 metric tons per hectare, assuming good weather conditions.

#### **Trade:**

As Nicaragua has increased sugar production over the last years, sugar exports have increased. In 2012, Nicaraguan sugar exports reached over 343, 502 MT with a total value of US\$ 194.9 million, a 26 percent increase compared to the previous year. Major export destinations in 2012 included the United States, Venezuela, South Korea, Canada and Tunisia.

#### **2012 Sugar Export Trade Matrix**

<b>Countries</b>	<b>MT</b>
United States	133,536
Venezuela	54,300
South Korea	39,978
Canada	34,191
Tunisia	26,072
Others	55,425
<b>Total</b>	<b>343,502</b>

Source: Global Trade Atlas.

The FY 2013 U.S.WTO raw sugar allocation for Nicaragua totaled 22,540 Metric Tons Raw Value (MTRV). In addition to this, Nicaragua has a 25,080 MT sugar quota under the CAFTA-DR free trade agreement.

### Policy:

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs. Moreover, Nicaragua lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

### Marketing:

The private sector of Nicaragua buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8, and 2 kg.

The Nicaraguan Sugar Trading Company (STCN) reported the following wholesale and retail prices for refined and white plantation sugar in 2012.

### Whole Sale Prices for refined and white sugar in 2012

Sugar prices per Pound (U\$ dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.26	0.27	0.27	0.27	0.28	0.28	0.28	0.28	0.28	0.29	0.29	0.29
Refined Sugar	0.26	0.30	0.30	0.30	0.30	0.30	0.30	0.31	0.31	0.31	0.32	0.32

Source: STCN.

### Retail Prices for Refined and White Sugar in 2012

Sugar prices per Pound (U\$ dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.34	0.34	0.34	0.35	0.34	0.34	0.34	0.34	0.34	0.36	0.36	0.36
Refined Sugar	0.38	0.38	0.38	0.39	0.38	0.38	0.38	0.38	0.38	0.41	0.41	0.41

Source: STCN.

## Production, Supply and Demand Data Statistics:

**Table 1: Sugarcane for centrifugal sugar: Supply and Utilization**

Sugar Cane for Centrifugal Nicaragua	2011/2012			2012/2013			2013/2014	
	Market Year Begin: Sep 2011			Market Year Begin: Sep 2012			Market Year Begin: Sep 2013	
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post
Area Planted		58	59		62	67		69
Area Harvested		58	59		62	67		69
Production		5,173	5,667		6,180	6,316		6,555
Total Supply		5,173	5,667		6,180	6,316		6,555
Utilization for Sugar		5,173	4,357		4,870	5,661		5,245
Utilization for Alcohol		0	1,310		1,310	655		1,310
Total Utilization		5,173	5,667		6,180	6,316		6,555

Source: CNPA

**Table 2: Centrifugal Sugar: Production, Supply and Demand (in thousands MT)**

Sugar, Centrifugal Nicaragua		2011/2012		2012/2013			2013/2014	
	USDA official	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012			Market Year Begin: Sep 2013	
		Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post
Beginning Stocks	48	48	37	52	52	37		41
Beet Sugar Production	0	0	0	0	0	0		0
Cane Sugar Production	581	581	615	618	618	698		725
Total Sugar Production	581	581	615	618	618	698		725
Raw Imports	0	0	0	0	0	0		0
Refined Imp.(Raw Val)	0	0	0	0	0	0		0
Total Imports	0	0	0	0	0	0		0
Total Supply	629	629	652	670	670	735		766
Raw Exports	220	220	276	272	272	331		355
Refined Exp.(Raw Val)	70	70	67	68	68	69		70
Total Exports	290	290	343	340	340	400		425
Human Dom. Consumption	254	254	272	272	272	278		283
Other Disappearance (enriched sugar juice)	0	0	0	0	0	16		20
Total Use	254	254	272	272	272	294		303
Ending Stocks	85	85	37	58	58	41		38
Total Distribution	629	629	652	670	670	735		766

Source: CNPA

